

## **STRATEGIC AGENDA FOR THE CIVIL DIALOGUE GROUP ON INTERNATIONAL ASPECTS OF AGRICULTURE**

In 2013 the EU was the top exporter of agricultural commodities and food products worth €120 billion. At the same time the EU remains, by far, the world's biggest importer of agricultural goods, with imports estimated at €101.5 billion. EU agricultural trade surplus reached €18.6 billion in 2013, representing 30% of the total EU net trade balance<sup>1</sup>

Agricultural commodities and food products account for a solid share in the EU's total export basket with 7% of the value of EU total goods exports in 2013, ranking fourth after machinery, chemicals and pharmaceuticals.

In 2013, the EU top exported agricultural commodities and food products were spirits and liqueurs, wine, milk and cereal preparations, cereals, non-specific food preparations, ice-cream, chocolate and confectionery, pig meat, cheese, fruit and vegetable preparations and tobacco products. For the same period, the EU top imported products were coffee, soya beans, animal and vegetable oils, tropical fruits and spices<sup>2</sup>.

According to the UN, the world population is expected to grow by over a third between 2009 and 2050 to reach 9.7 billion; while some suggest that this means an increasing demand for safe and affordable foods has to be satisfied, the European Commission Standing Committee on Agricultural Research (SCAR) report from 2011<sup>3</sup> calls for sustainable food systems, stressing that the increasing scarcity of natural resources and the destabilization of environmental systems represents a real threat, to global stability and prosperity.

EU trade policy is considered a key instrument which contributes to food security and to a more integrated world market. A robust and consistent European trade policy should strive to facilitate trade, through the removal of unjustified non-tariff barriers, greater coherence in the application of sanitary and phytosanitary measures, simplification of administrative procedures to enable smoother and faster trade of high-quality, safe and affordable agricultural commodities and food products from areas of surplus into areas of deficit whilst at the same time avoiding a negative impact on developing countries' efforts to build domestic food production capacity.

### **General Agenda**

Considering this global context, the Civil Dialogue Group on International Aspects of agriculture will be focusing its work to ensure:

- the complementary role of the trade to help ensure food security by complementing local and regional supplies;
- that EU's trade policy is complementary to the EU CAP and promotion policy;
- that Free Trade Negotiations are successfully concluded to promote growth and creation of jobs in the EU, to fit the Europe 2020 strategy through trade; including promotion of growth and jobs in rural areas;
- that EU's trade policy continues to play a role in supporting developing and neighbouring countries;
- the efficiency of the trade defence tools for EU, such as Safeguard clause;

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1 Source: Monitoring Agriculture trade policy: Agriculture trade in 2013, DG AGRI, European Commission, 2013.

2 Source : Monitoring Agriculture trade policy : Agriculture trade in 2013.

3 [http://ec.europa.eu/research/agriculture/scar/pdf/scar\\_feg3\\_final\\_report\\_01\\_02\\_2011.pdf](http://ec.europa.eu/research/agriculture/scar/pdf/scar_feg3_final_report_01_02_2011.pdf)

- A better recognition worldwide of EU production standards with a special focus on sanitary and phytosanitary measures. E.g. issue of how trade may promote environmental standards of production, including animal welfare, should also be addressed in future;
- A look at the inspection system for exports and imports of agricultural products should also be considered.
- the promotion of the value-added a long agri-food value chains and the specific value of Geographical indications;
- That market access issues relate to recent reform of EU hygiene rules (visual inspection, trichinella, Salmonella controls);
- The CDG should put more attention on the increasingly globalised market for agricultural inputs and elaborate recommendations to the Commission;
- How to encourage a sustainable trading system with trading partners while at the same time safeguarding the sustainability of our food system;
- Consistency of EU trade policy with other EU policies.

### **Specific agenda**

The Group on International Aspects of Agriculture will be the place for stakeholders to have a strategic dialogue amongst themselves and with the European Commission on international trade of agricultural commodities and food products and trade policy developments

The format of the meetings should:

1. Promote discussions between stakeholders and with the Commission.
2. Support discussions and exchanges on the geographical dimensions (i.e. FTAs) and sectorial issues (i.e. by sector, product). Stakeholders as well as external experts will be invited to make presentations during the meetings. The Commission will be invited to provide analyses, inform stakeholders on current and upcoming issues, and engage in discussions with members of the CDG.

On the specific topics to be discussed, the Group will focus on:

1. Multilateral trade negotiations;
2. Russian Ban;
3. Free Trade Agreement negotiations between the EU and third countries;
4. Implementation of the EU trade policy through EU customs policy & instruments;
5. EU's trade policy as supporting tool for developing and neighbouring countries;
6. Sustainable supply-chains / value-chains including the issues of transport, energy, emissions and climate change
7. Agricultural policies of third countries and their impact on international trade;
8. A new framework for a dynamic export policy;
9. Energy price and related products;
10. TRIPS related negotiations and IPR;
11. Food security and sustainability dimension;
12. Policy coherence between trade policy, EU 2020 Biodiversity Strategy; EU 2030 goals for climate and energy; EU strategy against food waste; EU development strategy, the post 2015 agenda, the strategy on climate change, to name few.

## **1. Multilateral trade negotiations**

The Group will focus its discussions on the World Trade Organisation negotiations and on the so-called Doha Development Agenda. In particular, the Group will be regularly informed by the Commission about the implementation of the Bali package and its impact on trade –when and if concluded, and consulted on the development of the detailed post-Bali work programme. The group will also be informed on how the EU assist in dismantling SPS barriers in multilateral talks.

## **2. Russian Ban**

Before the Russian ban on EU agri-food products, starting on 7<sup>th</sup> August 2014, Russia has been the second biggest export market for EU agricultural products. The Russian ban has impacted the EU agri-food sector, with damaging effects on exports of fresh fruit and vegetables, dairy products and meat, food preparations and fishery products. As it stands today, the official duration of the Russian ban is twelve months (until August 2015). It remains to be seen if other products could also be impacted. The Group will continuously discuss the impact of the Russian ban, engage with the Commission on possible alternative export markets and priorities. Discussions should also focus on the separate sanitary and phytosanitary bans that Russia maintains on several EU products and countries, and consider how to regain market access once the Russian ban on EU agri-food products is lifted.

## **3. Free Trade Agreements negotiations between the EU and third countries**

The EU is engaged in a myriad of trade negotiations and agreements with third country trading partners. These new markets play an important role in supporting growth for the entire European agri-food sector. In parallel, since self-sufficiency is not achieved in certain areas, the EU should seek fairer trade relations with its trading partners, in particular when it comes to leveraging its high standards of food safety, animal welfare and protection of the environment.

As a result regular exchanges between stakeholders as well as regular updates from the Commission should focus on:

- EU-Canada CETA agreement: ratification and implementation of the agreement with a particular focus on TRQ management;
- EU-USA TTIP including regulatory coherence and / or cooperation;
- EU-Japan;
- EU-Mercosur;
- EU- Mediterranean countries;
- EU – Mexico;
- Other markets: Ukraine, Western Balkans, China, India, ASEAN countries, Turkey etc;
- Ways in which the EU can help dismantle sanitary and phytosanitary market access barriers in third countries;
- How sustainable Development Chapters in the Free Trade Agreement can be used to promote sustainable agriculture.

With a growing number of FTAs stakeholders and Commission should also engage in a discussion on the cumulative effects of FTAs on the EU agricultural and agri-food sectors, based on presentations and studies from experts.

The Group will also be briefed and monitor the impacts of FTAs between other trading partners. In that context, Commission and/or experts should present studies on the outcome and knock-on effects of:

- Japan-Australia FTA
- Japan-USA TPP negotiations (on-going)
- China-Australia
- Etc.

The group should also be given an overview of the current systems in place in the EU and in third countries on inspections and audit system, traceability implementation etc when it comes to trade in agricultural products.

#### **4. Implementation of the EU trade policy through EU customs policy & instruments**

The EU trade policy is implemented through various customs instruments, measures and tools. These are decisive when assessing if the EU Trade policy objectives are achieved in practice. Moreover, customs policies and instruments are faced with new challenges in today's global economies: while they must ensure the smooth flow of trade, they must also apply a necessary level of controls, guarantee the protection of EU citizens and their safety and must secure a safe, fast exchange of information and data between authorities and with trade operators via interoperable electronic & IT systems. A regular dialogue between stakeholders and with the European Commission on these aspects is therefore crucial to ensure that sound policies are produced in this area and that stakeholders are duly informed of upcoming changes and challenges.

Discussions shall in particular focus on;

- Trade Mechanisms, including the ongoing review exercise aiming to streamline various Regulations applicable to agriculture trade in this area (e.g. management of quotas) and harmonise their application, while cleaning-up non-applied provisions and reducing complexity and risks;
- Preferential and non-preferential rules of origin;
- EU Customs Nomenclature for agriculture goods;
- Recast of the EU Modernised Customs Code.

#### **5. EU Trade policy as supportive tool to developing and neighbouring countries**

The European Union Trade Policy has been used as a support tool to promote exports from developing and neighbouring countries. The EU continues to be the top importer of agricultural commodities and food products from developing and least developed countries (LDCs). On average, over the years 2011 to 2013, 2.8% of EU imports came from LDCs (€2.8 billion per year).

The EU is also engaged in concluding Economic Partnership Agreement (EPAs) with trading partners from the African, Caribbean and Pacific regions. At the same time the EU has Cooperation agreements with Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, and Uzbekistan.

The Group should therefore be informed by the Commission on the developments of preferential agreements and trade flows by sector. In particular the group should be briefed on:

- the State of play of the EPAs
- the State of play of Generalised System of Preferences including GSP +
- Autonomous trade preferences.

#### **6. Sustainable supply-chains / value-chains including the issues of transport, energy, emissions and climate change**

The agricultural sector, accounts for 13% of total GHG emissions<sup>4</sup>. Trade of agricultural commodities and food products corresponds to a minor part this 13%. These emissions are increasing, driven both by a growing population and growing demand for meat. Upstream emissions (processing, transport, retail and consumption) are also growing. The group should discuss recommendations to the Commission to address the issue of emissions and climate change.

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<sup>4</sup> UNCTAD paper "The Effectiveness, Efficiency and Equity of Market-based and Voluntary Measures to Mitigate Greenhouse Gas Emissions from the Agri-food Sector", 2013

## **7. Agricultural policies of third countries and their impact on international trade**

The debate will also focus on certain third countries agricultural policies that may affect the trade with the EU and with the rest of the world. The US Farm Bill and its impacts in terms of trade should be, for instance, the subject of a presentation by an expert, followed by a discussion.

Current debate in WTO on public stockholding for food security purposes developed by third countries, such as India, should also be part of the discussion.

## **8. A new framework for a dynamic export policy**

The recent Russian ban highlights the need for the EU to design a dynamic export policy which may embrace promotion policy, trade defence tools, and export supports. A better knowledge of practices by third countries and a discussion with the Commission services would bring inputs in the reflection of a dynamic export policy and elaborate recommendations.

## **9. Energy price and related products**

EU agriculture is heavily influenced by input costs (e.g. price for energy). For example, fertilizer may represent up to 40% of the operational cost in agriculture. The issue has been pinpointed as relevant to the G20 discussion since 2007 and current trends in the global market require an in depth discussion on the factors and policy options the EU may develop in the future.

## **10. TRIPS negotiations – IPR**

EU exports of agri-products are generally characterised by their high value added. In that context, the dossier of Geographical indication is relevant for many EU economic operators. The Commission and stakeholders should address the best strategy to ensure a better recognition and protection of Geographical Indications (GIs) at global level.

Stakeholders group should also contribute to the strategy of the Commission at WIPO in ensuring protection of GIs.

The group should also discuss how the agro-food sector will be present on the Internet and how to apprehend the digital agenda (new gTLDs ex. “.beverage”, “.food”, “.groceries”, .organic and how to protect from misappropriations and counterfeits. A new wave of new gTLDs should be launched in 2016 and the agro-food business needs to be briefed on what opportunities there are.

## **11. Food security and sustainability dimension**

The group should address the debate in FAO on the Right to Food and the forthcoming UN Sustainability Development Goals and exchange how trade may contribute to this objective. On the sustainability dimension, the issue of land and soil as a resources as well as the issue of land grabbing should be considered. EU farm and trade policies' impact on third and developing countries should be looked at and discussed.

## **12. Policy Coherence**

Finally the group should discuss to promote coherence amongst EU policies, including trade policy and European Sustainable Consumption and Production Policies; EU 2020 Biodiversity Strategy; EU 2030 goals for Climate and Energy; EU animal welfare strategy; EU strategy against food waste; EU priorities for rural development; priorities and strategies of the year of international development (2015).